



# *News Release*

## **PRESS OFFICE**

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## ***Recovery Act Changes to SBA Loan Programs Sparked Major Mid-Year Turn-Around in Volume***

### **September loan volume highest since August 2007**

**WASHINGTON** – Changes under the American Recovery and Reinvestment Act to U.S. Small Business Administration loan programs led to a rebound in SBA-backed loans for small businesses and greater access to much-needed capital.

Since the Recovery Act was signed on Feb. 17, SBA has supported more than \$11.3 billion in lending to small businesses through its two largest loan programs and seen its average weekly dollar volume increase by more than 60 percent in comparison to the weeks before the Recovery Act. Additionally, the average number of loans approved per week has increased by more than 50 percent. The dollar volume for September 2009 (\$1.9 billion) was the highest single-month total since August 2007.

“These numbers, along with our conversations with lenders and small business owners around the country, show that the Recovery Act hit the mark,” SBA Administrator Karen Mills said. “The Recovery Act was critical to unlocking the market and as a result we’ve helped put billions of dollars of much needed capital in the hands of small business owners during this tough economic time, and brought more than 1,200 lenders back into SBA’s loan programs. With half the nation’s workforce either working for or owning a small business, these dollars played a critical role in driving economic recovery across the country.”

As a result of the credit crunch, SBA lending saw a significant decline in the fall of 2008 and early 2009. For the seven weeks prior to the Recovery Act being signed, SBA’s average weekly dollar volume was \$165 million. The average weekly average since the Recovery Act was signed, through Sept. 25, was \$275 million.

Mills cited Recovery Act provisions that reduced fees on SBA loans and raised SBA guarantees to 90 percent, as well as actions that reinvigorated the secondary markets for SBA-guaranteed loans as especially helpful in improving access to SBA-backed credit.

Overall, SBA loan approvals for the fiscal year amounted to a combined 50,829 loans (preliminary number) worth \$13.1 billion under the 7(a) and 504 loan programs. The comparable figures for fiscal year 2008, which ended just as the nation’s economy entered the financial crisis, were 78,317 and \$17.96 billion.

The dollar volume totals for SBA loans in fiscal year 2009, which ended Sept. 30, do not include loans made under the agency's ARC, (America's Recovery Capital) loan program. Launched on June 15, the agency has approved 2,715 ARC loans worth more than \$88 million as of September 29. Thus far, nearly 740 lenders have made ARC loans, and the number of participating lenders is increasing by an average of about 50 per week.

For more information about these and other SBA programs, visit the SBA Web site at [www.sba.gov](http://www.sba.gov), or contact your local SBA field office. You can find contact information for your local SBA office at <http://www.sba.gov/localresources/index.html>.

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